

# **BUILDING SAFETY LEVY (SCOTLAND) BILL**

## **[AS AMENDED AT STAGE 2]**

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### **SUPPLEMENTARY FINANCIAL MEMORANDUM**

#### **INTRODUCTION**

1. As required under Rule 9.7.8B of the Parliament's Standing Orders, this supplementary Financial Memorandum is published to accompany the Building Safety Levy (Scotland) Bill (introduced in the Scottish Parliament on 5 June 2025) as amended at Stage 2.
2. The Memorandum has been prepared by the Scottish Government. It does not form part of the Bill and has not been endorsed by the Parliament. It should be read in conjunction with the original Financial Memorandum published to accompany the Bill as introduced.
3. The purpose of this supplementary Financial Memorandum is to set out the expected costs associated with the new and amended provisions included in the Bill following the amendments made at Stage 2. This document addresses those amendments with anticipated or potential cost implications. Amendments agreed at Stage 2 which are not covered in this supplementary Financial Memorandum are considered not to significantly or materially affect the assumptions in the original Financial Memorandum.

#### **BACKGROUND**

4. Following Stage 2 proceedings on the Bill, a number of new and amended provisions have been added to the legislation. Cost estimates for these provisions are set out below.

#### **COSTS ON THE SCOTTISH ADMINISTRATION**

##### **Implications for the Scottish Budget**

5. Section 51A of the Bill makes provision for the legislation to expire 15 years after coming into force, unless action is taken by Scottish Ministers and agreed by the Scottish Parliament. This provision has the effect of time-limiting the operation of and overall revenue for the levy.
6. As the Scottish Government has set out a £30 million per annum revenue target for this measure, this provision establishes an upper estimate for revenue at £450 million (in the absence of action by Scottish Ministers and the Scottish Parliament to extend the measure).

## **Scottish Government staff costs**

7. Staff costs for preparing secondary legislation were set out in the Financial Memorandum published alongside the Bill as introduced. The addition of provisions 6(4), 10(4) and 12(3) that add to the list of required consultees in this process has not significantly impacted these costs.

## **Data sharing costs**

8. Section 21A of the Bill makes provision for information sharing between Revenue Scotland and a specified list of named entities – including local authorities, Registers of Scotland, Scottish Ministers and any other person specified by regulations. These provisions establish the necessary legal gateway to support targeted, secure and proportionate information sharing and are intended to ensure that the levy can be administered efficiently with appropriate data protection safeguards in place.

9. Further work will be undertaken in due course to establish the practical means for transferring data between local authorities (and any other relevant entities) and Revenue Scotland through the legal gateway established by section 21A. As was set out in the Financial Memorandum published alongside the Bill as introduced, initial scoping has indicated a cost range of £50,000-£100,000 for this work. This remains the most up-to-date figure available, and would largely consist of initial set up costs, and running costs would be minimal. Any set-up costs in relation to this would be met by the Scottish Government and running costs will be accounted for in annual budget allocations for the organisations involved.

10. Revenue Scotland's costs for administering and collecting the Scottish Building Safety Levy (SBSL) were set out in the Financial Memorandum published alongside the Bill as £545,309 per annum once the Levy is established. While Revenue Scotland anticipate these provisions will support their ambition to keep to a minimum the running costs relating to the SBSL, the initial costs were provided by Revenue Scotland on the assumption that data sharing powers would be provided for in or by the Bill.<sup>1</sup>

## **COSTS ON LOCAL AUTHORITIES**

11. As was set out in the Financial Memorandum published alongside the Bill as introduced, it is not expected that the Bill will result in any significant costs for local government. As the custodians of the building standards system in relation to which the levy is charged, it is likely that local authorities will be the principal new data sharing partner for Revenue Scotland.

12. The bulk of the information to be shared is already collected by local authorities through the building standards process, and the required additions will be established through the provisions set out in section 7 of the Bill. COSLA and Local Authorities Building Standards Scotland have confirmed that as this change will be legislative, no additional costs will be incurred.

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<sup>1</sup> [Building Safety Levy \(Scotland\) Bill - written submission from Revenue Scotland](#)

## **COSTS ON OTHER BODIES, INDIVIDUALS AND BUSINESSES**

### **Costs on businesses**

13. The effect of the £30 million per annum revenue target is that the costs of paying the levy is distributed across the number of taxable units as set out in the Bill – namely individual newly constructed residential dwellings. As set out in the Financial Memorandum published alongside the Bill as introduced, further exemptions, and the setting of the levy-free allowance (which the Bill as introduced provided for establishing by regulations) have the effect of reducing the number of taxable units that the quantum of the levy will be distributed across.

14. Section 11(2A) introduces a requirement for Scottish Ministers to, by regulations, establish a relief of no less than 50% for new residential units built on brownfield land. This will not reduce the overall revenue target for the tax (£30 million per annum) or the number of units within scope of the levy, and is not included in the table below. However, this will be accounted for in the rates for the levy. Given the revenue target, a relief of no less than 50% for brownfield will have the impact of increasing rates for other land types (e.g. greenfield).

15. Section 12(A1) introduces a 29 unit levy-free allowance per taxpayer. This will have two effects: 1) removing any need for developers completing construction of fewer than 29 units per year to interact with requirements relating to the levy, and 2) reducing the tax base by 15% resulting in an increase in cost per unit for the remaining tax base (see table 2 below).

<b>Activity</b>	<b>Number of units</b>	<b>% of tax base</b>	<b>Average cost per unit (£)</b>
Total units in scope	20,700	100%	1,400
<b>Exemptions in Bill as introduced</b>			
Social housing (Section 5(b) of the Bill)	5,600	27%	
Affordable housing (Section 5(c) of the Bill)	1,300	6%	
Islands (Section 5(d) of the Bill)	200	1%	
<b>Total exempt in Bill as introduced</b>	<b>7,100</b>	<b>34%</b>	
<b>Residual tax base in Bill as introduced</b>	<b>13,600</b>	<b>66%</b>	<b>2,200</b>
<b>Further exemptions in Bill as amended</b>			
Levy-free allowance at 29 units (Section 12A)	3,100	15%	
<b>Total exempt in Bill as amended</b>	<b>10,200</b>	<b>49%</b>	
<b>Residual tax base in Bill as amended</b>	<b>10,500</b>	<b>51%</b>	<b>2,900</b>

Table 2: Total number of units in scope of the levy, and the impact of exemptions within that total. Note: Units rounded to the nearest 100, average cost to the nearest £100; calculations use unrounded inputs before rounding.

16. The Scottish Government estimates that the total number of taxable units will be around 10,500 units per annum. Given the annual revenue target of £30 million, this suggests an average per unit cost of around £2,900, which would represent an effective tax rate of 0.8% relative to the average new build sale price for those units which pay the levy. While exact rates will likely vary in accordance with different land types and differences in average property prices across regions, an effective tax rate of 0.8% is broadly consistent with UK Government’s estimated average levy rates (0.55% for units on brownfield and 1.1% for greenfield).

**SUMMARY OF COSTS**

<b>Item</b>	<b>Cost (£)</b>
Costs to the Scottish Administration	
Costs of data sharing	50,000-100,000
Costs to other bodies, individuals and businesses	
Costs to businesses (average per unit)	2,900 per unit
Costs to businesses (annual revenue target)	30 million



*This document relates to the Building Safety Levy (Scotland) Bill (SP Bill 73A)  
as amended at Stage 2*

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